

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 409
Version:	ENGR
Request Number:	NA
Author:	Rep. Fetgatter
Date:	3/18/2021
Impact:	Tax Commission

No Revenue Impact

No Administrative Costs

Research Analysis

SB 409 provides that the sales tax exemption for qualified purchases by certain businesses primarily engaged in computer services and data processing expires on January 1, 2022.

Prepared By: Emily McPherson

Fiscal Analysis

Review provided by the Tax Commission:

Section 1 proposes amendment to 68 O.S. § 54003 to sunset, January 1, 2022, the sales/use tax exemption for sales of computers, data processing equipment, related peripherals, telegraph or telecommunications services, and equipment to new and expanding businesses classified under SIC Manual Industrial Group Nos. 7372, 7373, 7374 and 7375 (Computer Services and Data Processing) and 8731, 8732, 8733 and 8734 (Research and Development) and which meet certain new employment, salary, sales and purchase criteria.¹ This sales/use tax exemption is perfected through the claim for refund process.

Section two of the measure proposes amendment to Section 54004 which governs sales tax claims for refund submitted to perfect the referenced exemption. The proposed amendment provides that only sales of qualified purchases made after July 1, 1992 and before January 1, 2020 shall be eligible for refund. No corresponding amendment was made to Section 54005 of Title 68 which governs use tax claims for refund related to this exemption.

The records of the Oklahoma Tax Commission indicate that this exemption has not been utilized in several years. No impact to state revenues is estimated.

¹ A similar exemption, perfected at the point of sale, is provided in Section 1357(21) of Title 68 which exempts sales of machinery and equipment purchased and used by persons and establishments primarily engaged in computer services and data processing:

- A. As defined under Industrial Group Numbers 7372 and 7373 of the Standard Industrial Classification (SIC) Manual, latest version, which derive at least fifty percent (50%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer; and
- B. As defined under Industrial Group Number 7374 of the SIC Manual, latest version, which derive at least eighty percent (80%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer.

Prepared By: Mark Tygret

Other Considerations

None.

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